

CONTINUING EDUCATION AND INVESTMENT RESEARCH EXPENSE POLICY
REGULATION

The Board believes that attendance at and participation in Continuing Education conferences or seminars and Investment Research that address issues related to the Board's fiduciary duty and administrative responsibility for the management of the retirement system are an integral part of being a Board member and employee. The Board encourages its members and staff to attend Continuing Education conferences and seminars and Investment Research to better serve the members of the retirement system.

Authorization for Related Expenses

The Board must approve any Continuing Education conference or seminar and include a brief description of the date(s) and location of the conference or seminar. Upon reviewing any Continuing Education request, the Board shall approve such request by a majority of the Board members present at said meeting. This shall be reflected in the minutes of the meeting at which the Continuing Education request is approved and will state who will attend. The Board shall review the Investment Research and select the Board member and/or staff member who will perform the research of the investment. The Executive Director shall have the authority to approve all related Board activities, in- state Continuing Education conferences or seminars for staff persons with or without prior board approval.

Documentation for Reimbursement

Board members and staff persons shall be reimbursed for expenses incurred, which are essential, and necessary to approved Continuing Education and Investment Research. **An original receipt must accompany any and each request for reimbursement.** For expenses less than \$10.00, the Board member or staff person shall be reimbursed upon submitting a written explanation of said expenses and their necessity to the approved Continuing Education and Investment Research. Undocumented, unapproved and nonconforming expenses will be rejected or adjusted. All reimbursements must be submitted within 30 days after said travel has occurred to the Executive Director, or his/her designee.

Continuing Education and Investment Research Arrangements

Board members and staff persons may make their own arrangements for said approved Continuing Education and Investment Research. When making such arrangements, business or government rates, where available, should be secured. In the event that a Board member or staff person wishes to extend his/her stay beyond that which is authorized by the Board, any additional expenses incurred as a result of the 'extended stay shall be the responsibility of the Board member or staff person. If, however, an extended stay results in an overall net savings to the retirement system, such a stay may be authorized.

Transportation

The Board recognizes that various modes of transportation may be utilized dependent upon the destination and the travel habits of the Board members and staff persons. Board members and staff persons shall be reimbursed for the cost of transportation as noted herein. Board members may travel to Continuing Education and Investment Research via airline, train, bus or personal automobile. By airline, the Board member or staff person must book the lowest fare available, which shall not require more than one stop each way, which shall not require the Board member or staff person to make more than one scheduled transfer between airplanes during any such trip and which shall have reasonable departure and arrival times. Payment of airline club memberships by the Board is strictly prohibited.

By personal automobile, the Board member or staff person shall be reimbursed for mileage consistent with approved Internal Revenue Service regulations. The Board member or staff person shall determine whether a rental car is necessary and essential to any Board approved Continuing Education and Investment Research. Any rental cars utilized must be from a national rental agency. The Board shall reimburse the Board member and/or staff person at the so-called "mid-size" vehicle rate, and upgrade vehicle would be approved if two or more Board members and/or staff persons were to utilize said vehicle. Individual upgrade for vehicle is at his/her own expense. The Board member and/or staff person shall accept the optional insurance coverage for any rental vehicle, and he/she shall be reimbursed for said expense.

Any motor vehicle accidents that occur while using a rental car on Board-approved Continuing Education and Investment Research must be reported as soon as practicable and in writing to the proper authorities. Copies of any reports and/or documents filed in relation to said motor vehicle accident must also be filed with the Board. The Board member and/or staff person is personally responsible for any fines or other expenses related to traffic violations associated with Board approved Continuing Education. All reasonable parking fees and tolls associated with Board-related Continuing Education shall be reimbursed.

Lodging

All reservations for hotel accommodations should be made in advance when possible, utilizing the standard single or double occupancy rate, whichever results in a savings. If the Board member or staff person is accompanied by another person, any increase in cost for accommodations associated with the additional person shall not be borne by the Board. In situations where lodging is offered to board members or staff persons as part of a conference or seminar program, he/she shall take advantage of any savings, when possible. Cases where alternative lodging is necessary to attend such an event, the board members or staff persons shall make the alternate arrangement. The cost should be in line with standard accommodations rates for the event. The Board **shall not** reimburse the cost for any extended stay beyond that which is authorized.

Meals

Board members and staff persons who attend Continuing Education and Investment Research seminars and/or conferences shall be reimbursed for the cost of meals upon production of the appropriate receipts. The maximum daily reimbursable amount for meals shall not exceed **\$50.00**. If Board-related travel is to a high-cost location the Board will review the request at the time of the travel approval. If no action were taken then the aforementioned daily allowance would be in effect. In no event shall any Board member or staff person be reimbursed for the cost of alcoholic beverages. If

reimbursement for meal expenses are sought by a Board member or staff person for the payment of a meal of a third party or parties related to a business meeting, the individual or individuals must be identified along with their affiliation. Such third-party reimbursement for meals shall only be authorized in a situation in which the meal was part of a business meeting.

In a situation in which the cost of meals are included as part of the registration fee for a conference or seminar, a Board member or staff person shall not be reimbursed for meals which are part of said package. The Board recognizes that certain educational conferences and/or seminars include the cost of some, but not all, meals. In this situation, a Board member or staff person shall be reimbursed as identified in the preceding paragraph for meals not included in the registration fee.

Each person, and only the person who incurred the expense, must complete a reimbursement form and have original receipts attached, in order to be reimbursed.

Miscellaneous Expenses

A Board member or staff person may seek reimbursement for miscellaneous expenses, included but not limited to, gratuities paid in accordance with local custom, telephone expenses limited to Board or business related calls, one personal telephone call per day, internet connections, charges for faxing and costs associated with the reproduction of documents. With respect to the one personal call per day limit, a Board member or staff person who needs to utilize the telephone for an emergency related to an immediate family member may be reimbursed, at the Board's sole discretion, for additional calls. For the purpose of the preceding sentence, an "immediate family member" shall be limited to the grandparent, parent, spouse, child or sibling of the Board member or staff person seeking the reimbursement. A Board member or staff person shall not be reimbursed for personal expenses associated with, such as in-room movies, mini-bar charges, gym fees, entertainment or recreational expenses, laundry and dry cleaning or any payments for personal services. The board may make an exception in such circumstances, as it deems appropriate and necessary.

Cash Advances / Per Diem

Board members and/or staff persons shall not receive any cash advances or preset per diem payments associated with anticipated Continuing Education and Investment Research expenses.

Board Credit Card

The Board members, Executive Director and staff members, as the case may be, may use the Board credit card to make reservations pertaining to Board-related transportation and/or lodging. Board members and/or staff persons are authorized to use the credit card to pay for approved Continuing Education and Investment Research expenses while attending such conference or seminar, and must produce receipts pertaining to said credit card usage within 30 days of returning from said educational conference or seminar. The Board member or staff person must immediately reimburse all charges that appear on the credit card monthly statement, that are attributable to the Board member's or staff person's usage of said credit card while attending the Continuing Education and Investment Research conference or seminar, that are not accompanied by the appropriate receipts. Under any circumstance or at any time shall a holder of such Board Credit Card utilize it for personal expenses.

The Board Credit Card billings is issued to the Waltham Contributory Retirement System office address and that card user be required to provide receipts for all expenses included in the statement. If receipts are not provided, the user will immediately reimburse the Board for these expenses. The Board members

issued credit card is for the explicit use in Continuing Education and Investment Research related expenses and prohibit use for everyday expenses not related or approved by the Board Members.

Personal Combined with Board Related Continuing Education

Expenses incurred by any individual, other than an approved Board member or staff person, who accompanies the Board member or staff person shall be considered personal and in no event shall be reimbursed by the Board. As previously noted in these regulations, if the combination of personal and Board-related Continuing Education result in a net savings to the Board, due to a cost reduction in either transportation or lodging, then the costs of transportation and/or lodging associated with said personal shall be reimbursed by the Board.

Payments or Reimbursements for Expenses by Third Parties

A Board member or staff person is explicitly prohibited, directly or indirectly, from accepting or receiving anything of substantial value from the following:

- 1.) Any person, firm, partnership, association or other entity, which may be reasonably expected to seek to do business with or is seeking to do business with the Board.
- 2.) Any person, firm, partnership, association or other entity that presently is doing business with the Board.
- 3.) Any person, firm, association or other entity that solicits or makes referrals to the Board or that which may reasonably be expected to solicit or make referrals of any client on behalf of such a person, firm, partnership or other entity.

If a Board member or staff person has been invited to speak at an educational conference or seminar, and it is the common practice of the educational conference or seminar to have outside speakers address the conference or seminar attendees, and if the presentation by the Board member or staff person is in connection with their respective positions and is intended to significantly contribute to the conference or seminar, and the presentation by the Board member or staff person is formally scheduled to appear on the conference or seminar agenda, and the Board approves said Continuing Education, then the Board may accept reimbursements from a third party to cover the necessary related costs of such speaking engagements. A Board member or staff person may not receive an honorarium or any other form of compensation for speaking at an educational conference or seminar.

Due Diligence

The Board recognizes that as a fiduciary as defined in M.G.L. c. 32, § I, Board members are required to discharge their duties for the exclusive purpose of providing benefits to members and their beneficiaries with the care, skill, prudence and diligence under circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims and by diversifying the investments of the system so as to minimize risk of large losses unless under the circumstances it is clearly prudent not to do so. To that end, the Board recognizes that from time to time, Board members may need to meet to observe the operation of a particular entity in which the Board has invested, or to ascertain whether a current or prospective investment in a particular entity is or continues to be prudent under the circumstances. In situations in which such meeting is deemed appropriate by the Board, a Board member or members shall be reimbursed for related expenses incurred as a result of such due diligence, provided that the process

for approval of said meeting has been followed as identified herein and all related expenses are submitted to the Board with the appropriate receipts and documentation.

Violation of Continuing Education and Investment Research Expense Policy Regulation

Any person or entity that violates the Board's Supplemental Continuing Education and Investment Research Expense Policy Regulation shall be deemed to have violated the provisions of 840 CMR 17.00 and shall be subject to removal as a qualified investment manager or consultant pursuant to 840 CMR 17.04(10). Any person or entity that has violated the Board's Continuing Education and Investment Research Regulation shall not be granted an exemption by Public Employee Retirement Administration Commission pursuant to 840 CRM 19.02 or a qualification pursuant to 840 CMR 26.04.